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Mortgage Loan Insurance Handbook



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SPECIAL PROGRAMS

SP 0000-00

CMHC MORTGAGE LOAN INSURANCE

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The Special Programs Manual has been prepared to provide Approved Lenders with policies and procedures on Special Programs insured under the NHA. Insurance Initiation and Insurance Servicing are documented in separate manuals under these titles. All three manuals replace the NHA Loan Insurance Handbook.

Unless specified otherwise in this Manual, lenders should address all communications or correspondence relating to Special Programs to:

The Director
Underwriting Division
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario
K1A 0P7

The Special Programs Manual will be regularly updated and maintained by the Senior Development and Communications Analyst, Insurance Directorate from whom additional copies may be obtained.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

This manual is designed to be easy to use, easy to reference and easy to update.

It is divided into:

Chapters - major divisions physically separated by numbered dividers

Sections - divisions of Chapters

Subjects - divisions of Sections.

LOCATION NUMBER

The manual uses a numbering system which combines Alpha Prefix and Chapter, Section and Subject numbers. The number is shown on the top right corner of each page.

Example:

SP 0203-01

SP - represents the manual name - Special Program.

02 - is the Chapter number

03 - is the Section number

01 - is the Subject number.

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RETRIEVAL OF
INFORMATION

Studies on the use of manuals have shown that in most cases, a user has a specific problem; thus, the manual is organized for random access. Procedure for finding a Subject follows:

1. Refer to Chapter divider marked "Subject Index" (0000-04). Subjects are listed in alphabetical order.

NOTE: To locate specific forms, refer to the Forms Index.

2. Use the location numbers to find the information.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

The Amendment Record sheet has been designed to record all amendments, sequentially, by number and date. **This Amendment Record sheet is contained at the front of the Insurance Initiation Manual.** This simple system allows the user to determine that all revisions have been received.

PROCEDURE

When amendments are received:

1. Enter the date (day, month, year) of the amendment notice next to the appropriate number on the Record sheet.
2. Check to ensure all previous amendments have been received.

Note: Request copies of missing amendments from the:

Client Development and
Services Group,
Insurance Directorate,
CMHC National Office,
700 Montreal Road,
Ottawa, Ontario.
K1A 0P7

3. Add new pages as shown on Advice to Approved Lenders.
4. Destroy old pages and Advice to Approved Lenders.

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INTRODUCTION

This Chapter deals with the active Social Programs administered by CMHC.

An overview follows. For details, refer to location numbers indicated.

GENERAL

Lenders can insure loans on Indian Reserves on the same general terms and conditions as apply to other loans.

(0101-02)

The Mortgage Rate Protection Program (MRPP) offers homeowners insurance against interest rate increases at time of renewal.

(0101-03)

The Mortgage Rate Protection Program (MRPP) also provides a guarantee to certified lenders who pay and/or advance the MRPP premium on behalf of borrowers.

(0101-04)

The Portfolio Insurance Program insures low risk mortgage loans on a post facto basis.

(0101-05)

The 1976 Assisted Rental Program (ARP) offers yearly assistance loans for units in housing projects.

(0101-06)

SOCIAL HOUSING

Non-Profit housing programs are discussed in this Section.

(0102-01)

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RENEWAL OF SOCIAL
HOUSING LOANS

Details of the renewal of Social Housing loans
using the Competitive Financing Renewal
Process are discussed.

(0103-01)

PRE-1986
PROJECTS

Non-profit projects committed prior to 1986
may still be outstanding and are discussed in
this Section.

(0104-01)

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

Lenders may insure loans on Indian Reserves on the same general terms and conditions as apply to other loans.

These loans may be made :

- a) to an Indian, to the council of a band or to a group of Indians, within the meaning assigned to those terms by the Indian Act, or
- b) to a Cree band or to the Naskapi band, within the meaning assigned to those terms by the Cree-Naskapi (of Quebec) Act.

Since mortgage security is not possible on reserve lands, special repayment and guarantee agreements are required.

SECURITY

Since reserve lands cannot be mortgaged, normal mortgage security is replaced by the following two agreements:

- an Agreement executed by the borrower in a form prescribed by the Corporation, containing provisions for repayment, insurance, maintenance, etc., normally included in the mortgage, and
- a Guarantee Agreement to be completed by the Minister, Department of Indian Affairs and Northern Development, which undertakes to fulfill the obligations of the borrower in the event of default by the borrower.

Note: Both agreements are available through the area offices of DIAND.

MORTGAGE LOAN
INSURANCE PREMIUM

Although the loan is insured, the borrower is not required to pay a mortgage loan insurance premium.

CMHC MORTGAGE LOAN INSURANCE

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MORTGAGE LOAN
INSURANCE POLICY

CMHC will issue an insurance policy with the following two amendments:

- deletion of references to mortgage security
- changes to reflect the lender's inability to acquire and transfer title to the Mortgage Insurance Fund in the event of a claim.

ENDORSEMENT

The insurance policy must also include the following endorsement:

"The Corporation shall not be called upon to make payment under this policy and payment under this policy shall not be made unless the Minister of Indian Affairs and Northern Development has failed to fulfill the obligations of the borrower where the borrower is in default pursuant to the Minister's undertaking made in accordance with section 12.2 of the National Housing Loan Regulations."

LOAN ADMINISTRATION

Since security is not available on reserve lands, the following normal loan documentation is not required:

- title search
- surveyor certificates
- proof of payment of property taxes

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

This program was put in place to give homeowners an opportunity to protect themselves against the possibility of encountering, at renewal, an extraordinary and possibly unaffordable increase in interest rate.

INSURANCE

Mortgage rate protection is provided through the purchase of insurance from CMHC and has been available to homeowners since March 1, 1984.

MORTGAGE LOAN
INSURANCE
PREMIUM DETAILS

The mortgage loan insurance premium is 1.5% of the first \$70,000 of mortgage amount. The protection period is equal to the renewed term of the mortgage at the time insurance is purchased.

Protection commences at renewal and extends for the renewal term. Insurance coverage is for 75% of the increase in the interest rate beyond a 2% deductible.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

The Mortgage Rate Protection Program (MRPP) provides a guarantee to certified lenders who pay and/or advance the MRPP premium on behalf of homeowners.

LOAN ELIGIBILITY

The MRPP guarantee is restricted to new or renewed loans according to certain time frames as follows:

1. Loans renewed on or after March 1, 1984 or
2. Loans approved between March 1 and October 15, 1984 or
3. Loans approved after October 15, 1984.

Treatment of the premium in 1. and 2. is handled in the same way; in 3. it is handled differently.

LOAN RENEWALS &
NEW LOANS BETWEEN
1984-03-01 and
1984-10-15

Lenders are allowed to pay and/or advance the MRPP premium and to amortize it over the amortization period of the loan or other mutually accepted term.

The MRPP premium cannot be added to the insured loan amount. The premium cannot be added to the purchase price or market value in calculating the maximum loan amount.

SAMPLE CALCULATION

The guidelines for the treatment of premiums associated with loan renewals and new loans between March 1 and October 15, 1984 is illustrated below.

Amount of loan	\$60,000
Mortgage Loan Insurance Premium	<u>\$ 1,200</u>
Total amount of insured loan	\$61,200

CMHC MORTGAGE LOAN INSURANCE

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SAMPLE CALCULATION
(cont'd)

MRPP premium: $\$60,000 \times 1.5\% = \900.00

Note 1. The amount of \$900.00 (MRPP premium) is based on the total amount of loan or on the balance of the existing loan.

Note 2. The amount of \$900.00 may be amortized over the amortization period of the mortgage loan or other mutually accepted term.

Note 3. In the event of default, the MRPP premium is covered by the MRPP guarantee and is not to be added to the claim to the Mortgage Insurance Fund.

NEW LOANS AFTER
1984-10-15

For new loans made after October 15, 1984 the MRPP premium can be added to the amount of the insured loan subject to the maximum loan ratio. In this case the MRPP premium becomes part of the loan and is subject to a mortgage loan insurance premium.

The net amount of the loan, excluding the mortgage loan insurance premium, cannot exceed the regular loan to value ratio. In cases where the loan requested, excluding the MRPP premium, already represents the maximum loan amount, the MRPP premium is to be paid from the homeowner's own resources (e.g. increase in the amount of the downpayment). It cannot be included in the insured mortgage loan.

CMHC MORTGAGE LOAN INSURANCE

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SAMPLE CALCULATIONS The guidelines for treatment of premiums associated with new loans after October 15, 1984 are illustrated below.

Example #1 - Loan requested is lower than the maximum loan to value ratio.

Purchase price/market value \$60,000

Loan requested (LTV ratio of 83%) \$50,000

Maximum loan (90% of market value) \$54,000

Loan Insurance/MRPP premium calculation:

Loan requested \$50,000

MRPP premium (1.5% of \$50,000) \$ 750

Amount of loan including
MRPP premium \$50,750

Mortgage Loan Insurance
Premium (2%) \$ 1,015

Total Mortgage Loan Amount,
including premium \$51,765

Note 1. The Mortgage Loan Insurance Premium is based on the loan amount including the MRPP premium.

Note 2. The MRPP premium is insured.

CMHC MORTGAGE LOAN INSURANCE

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SAMPLE CALCULATIONS
(cont'd)

Example #2 - Loan requested is at the maximum loan to value ratio.

Purchase price/market value \$60,000

Loan requested (LTV ratio of 90%) \$54,000

Mortgage Loan Insurance
Premium (2.5%) \$ 1,350

Total Mortgage Loan Amount
including premium \$55,350

MRPP premium: \$54,000 x 1.5% = \$ 810

Note: As the loan amount is at the maximum permissible, the MRPP premium cannot be added to the amount of insured loan and must be paid up-front as part of the downpayment.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

Since CMHC introduced Mortgage Loan Insurance in 1954 and up until the introduction of the Portfolio Insurance Program in 1987, mortgage insurance had only been available on mortgages where applications were submitted in advance of the loan being made.

COVERAGE

With Portfolio Insurance, Canada Mortgage and Housing Corporation insures low risk mortgage loans on a post facto basis.

ELIGIBILITY

This program is limited to lenders that have in the past provided CMHC with good quality, low risk business.

Note: For additional details on the program and on lender eligibility, please contact the :

Director,
Underwriting Division,
CMHC National Office,
682 Montreal Road,
Ottawa, Ontario
K1A 0P7.

CMHC MORTGAGE LOAN INSURANCE

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ASSISTED RENTAL PROGRAM (ARP)	1976 Program	1
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INTRODUCTION

This program was introduced in 1976.

A brief overview of the program follows.

ASSISTANCE PROVIDED

The maximum assistance loan was \$2,160 per annum for each unit in a housing project. The loan was interest free for the greater of 10 years or for the period of disbursement up to 15 years. Thereafter the NHA Sections 15.1, 24.1 (formerly Section 58) rate applies for repayment.

PROGRAM OPERATION

The assistance loan was normally decreased by 1/10th of the original amount per year. This process was accelerated or lengthened as the cash flow of the project permitted. The assistance loan was disbursed to the entrepreneur monthly in advance of mortgage payments.

TIME PERIOD

The agreement between CMHC and the borrower was for 10 years.

AGREEMENT DETAILS

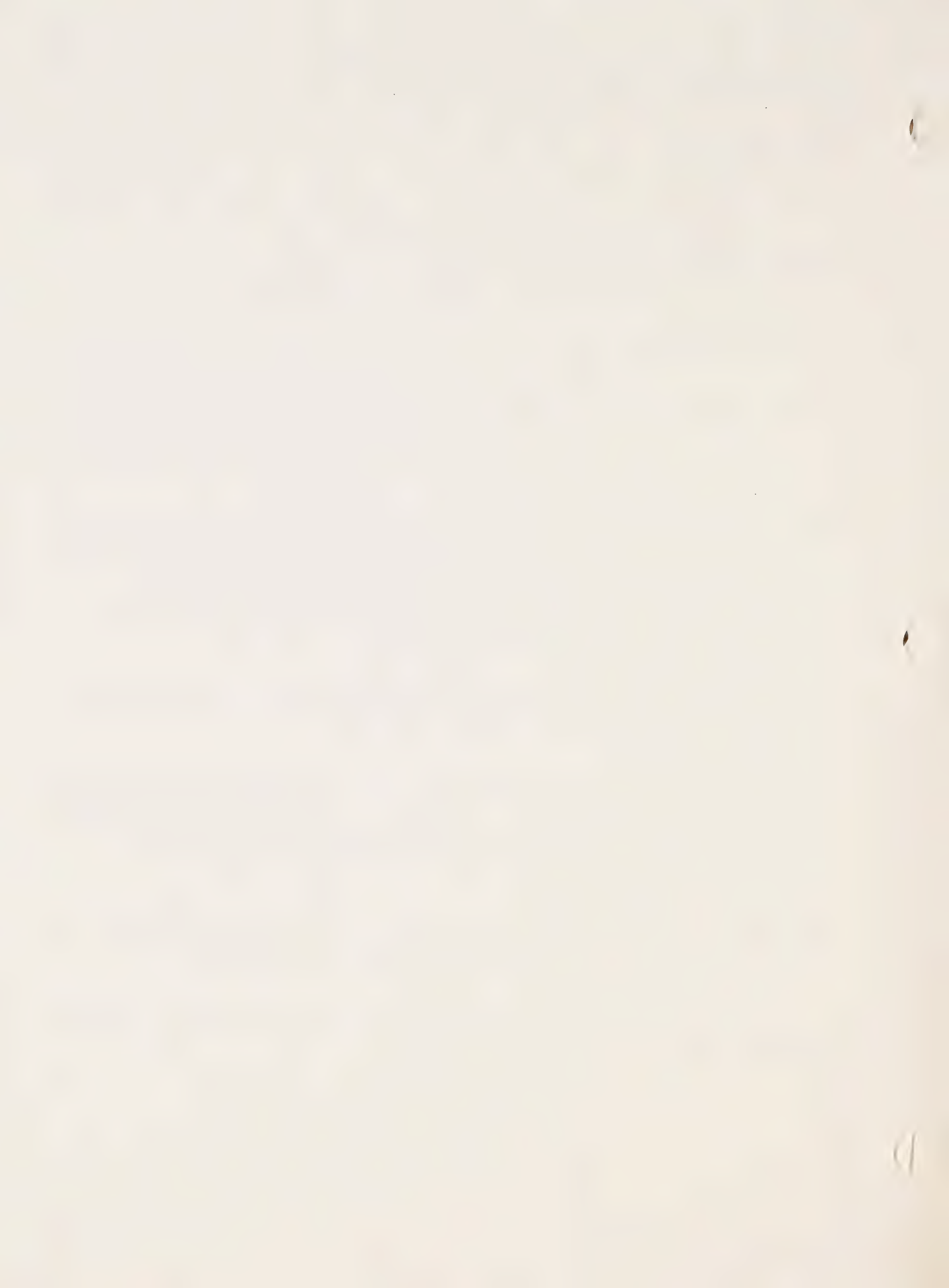
The assistance loan was secured by a second mortgage which was repayable in full on breach of the agreement. Thirteen months after the end of the disbursement period, monthly repayments were to start as agreed.

PROVINCIAL
STACKING

CMHC entered into agreements with the provinces of Ontario and British Columbia for additional provincial assistance.

PRIVATELY
INSURED LOANS

This program was extended to include privately insured loans.



CMHC MORTGAGE LOAN INSURANCE

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SOCIAL HOUSING	Overview	1
		1990-10-01

INTRODUCTION

This Section deals with the Non-Profit Housing Programs.

An overview follows. For details, refer to location numbers indicated.

GENERAL

Details of capital financing, fees, eligible projects, lender and lead role responsibilities are discussed in this Section.

(0102-02)

NATURE OF
ASSISTANCE

Contributions to the Non-Profit Housing Programs are cost-shared by the federal and provincial or territorial governments through Global and Operating Agreements. Details are discussed in this Section.

(0102-03)

ACTIVE PARTY'S AND
LENDER'S ROLES

The roles of the Active Party and the lender in the development of social housing are discussed.

(0102-04)

SPECIAL PROGRAMS

SP 0102-02

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION	Non-Profit and Urban Native Non-Profit Programs provide housing appropriate to the needs of families and individuals of low income through NHA-insured loans.
CAPITAL FINANCING	NHA-insured first mortgages are available for up to 100% of acceptable project capital costs. An annual contribution is also cost shared between the federal and provincial or territorial governments.
PREMIUM/UNDERWRITING FEES	No premium or underwriting fee is payable on loans made under these programs.
ELIGIBLE PROJECTS	<p>Social Housing projects may be produced under the following conditions:</p> <ul style="list-style-type: none">- new construction- the acquisition of existing buildings with or without subsequent rehabilitation and- the conversion of existing buildings.
LENDER RESPONSIBILITIES	<p>As with all insured loans, lenders are limited to providing capital funds in accordance with normal and prudent mortgage practice.</p> <p>Lenders are not responsible for monitoring the agreement. Monitoring is part of the operating agreement between the borrower and the party active in delivering and administering the programs.</p>

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LEAD ROLE
RESPONSIBILITY

Through the Federal/Provincial Global and Operating Agreements, the provinces and territories take an active party responsibility in the delivery and administration of the social housing units.

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INTRODUCTION

Contributions for the Non-Profit Program are cost shared by the federal and those provincial or territorial governments that have a Global and Operating Agreement on Social Housing. The calculation of the contribution is based on the type of recipient.

COST SHARING

The province or territory provides at least 25% of the contribution. The remainder is provided by the federal government under the provisions of Section 95 of the NHA.

INDIAN GROUPS/
SPECIAL PROJECTS

Specific contributions are made to the following groups:

- Indian Band Councils
- Groups of Indians within the meaning of the Indian Act, each of whom resides on a reserve within the meaning of the Act
- Eligible sponsors of a Special Purpose project.

The contribution is designed to reduce the project's market interest rate to 2%, on that portion of the loan which is for the eligible costs of the residential component.

NON-PROFIT
CORPORATIONS/
INSTITUTIONS

Specific contributions are made to the following groups:

- Non-profit corporations
- Co-operative associations described in Section 27(2) NHA, and who are not utilizing the Index-Linked Mortgage for the Federal Co-operative Housing Program

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NON-PROFIT
CORPORATIONS/
INSTITUTIONS
(Cont'd)

- Provinces or municipalities
- Public housing agencies described in Section 78, NHA
- Urban Native Non-Profit Housing Corporations.

The annual contributions are in an amount equal to the annual operating loss for the eligible portion of the project.

PROJECT OPERATING
AGREEMENT

The commitment of subsidy assistance is formalized by a Project Operating Agreement that the sponsor enters into with the Active Party.

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INTRODUCTION

The roles of Active Parties and lenders in the development of social housing are outlined below.

PROPOSAL
DEVELOPMENT

Privately-sponsored groups who meet established program criteria can receive assistance with a Proposal Development Funding (PDF) loan. The PDF loan is interest-free and repayable out of the first advance.

NOTICE OF
COMMITMENT

This form is signed by the Active Party and commits assistance for a project as well as certifies that it meets all program criteria and that it will be built within predetermined price limits.

CMHC FORM 530B

Lenders who have agreed in principle to make a loan to a non-profit corporation must complete a Request - Undertaking to Insure, CMHC 530B. (For illustration see 0102-05).

If the Active Party is a Province or Territory, it must forward an Endorsed CMHC Form 530B with a Notice of Commitment to the CMHC local office. The CMHC local office Manager will sign the Form 530B and the Endorsement and return them to the lender.

Where the Active Party is CMHC, CMHC Form 530B will come directly to the CMHC local office.

An underwriting fee is not required in either case.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SOCIAL HOUSING	Active Party's and Lender's Roles	2
		1990-10-01

INTEREST RATE

The interest rate at commitment must not exceed the median of the range of interest rates being charged at that time by a majority of lenders for NHA-insured loans having similar terms.

If the Province or Territory is the Approved Lender, the interest rate must not exceed the lowest rate available from a majority of lenders for NHA-insured loans having similar terms.

FORMAL LOAN
COMMITMENT

In all cases where the lender receives the signed Undertaking to Insure, CMHC 530B, (for illustration see 0102-05), it issues a formal loan commitment to the Non-Profit Corporation.

ADVANCES AND
INSPECTIONS

The Active Party inspects the project for compliance to the approved plans and code requirements. On approval, the Active Party authorizes progress advances to the lender using an Authorization - Loan Advance, CMHC 2729, (for illustration see 0102-05). The lender then makes the advance to the borrower.

COMPLETION

Once a project is completed and the Active Party has reviewed the audited final costs, the lender is authorized to make the final advance. CMHC then issues a Mortgage Loan Insurance Policy.

FIRE INSURANCE
WAIVER

In the case of loans made to certain public housing agencies, the normal mortgage requirement for fire and other perils insurance may be waived. See the Insurance Initiation Manual.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SOCIAL HOUSING	Request - Undertaking to Insure - Form CMHC 530B	1
		1990-10-01

Canada Mortgage and Housing Corporation  Société canadienne d'hypothèques et de logement

Canada

LENDER (NAME, ADDRESS AND POSTAL CODE)

Protected when completed
Protégé une fois rempliREQUEST - UNDERTAKING TO INSURE
NHA SECTION 6
(FOR RENTAL/CONDOMINIUM HOUSING PROJECT)

PROPERTY IDENTIFICATION

Property Civic Address Street no.	Street name	Apt./Unit
City/Municipality	Province	Postal code
Legal description		

CMHC account no.	Lender's ref. no.
For bulk account <input type="checkbox"/> Yes <input type="checkbox"/> No	Lender code
	Lender Telephone no.

BORROWER(S)

Name and address

LOAN DETAILS

Applicant Type <input type="checkbox"/> 04 Entrepreneur <input type="checkbox"/> 07 NP-Private <input type="checkbox"/> 08 Co-op <input type="checkbox"/> 08 INAC <input type="checkbox"/> 08 NP-Public <input type="checkbox"/> 08 URS-NAT	Tenure <input type="checkbox"/> 1 Freehold <input type="checkbox"/> 3 Condo <input type="checkbox"/> 2 Leasehold <input type="checkbox"/> 4 Ind. Res.	Repayment plan <input type="checkbox"/> 1 Equal Payment Mortgage <input type="checkbox"/> Other (specify)	Dwelling Type <input type="checkbox"/> 1 Single <input type="checkbox"/> 4 Row <input type="checkbox"/> 7 Host <input type="checkbox"/> 2 Semi-Detach <input type="checkbox"/> 5 Apt <input type="checkbox"/> 8 Triplex <input type="checkbox"/> 3 Duplex <input type="checkbox"/> 6 Mob <input type="checkbox"/> 9 Other
Purpose(s) of loan <input type="checkbox"/> 1 New housing <input type="checkbox"/> 1 Convert (non res. to res.) <input type="checkbox"/> 2 Existing housing <input type="checkbox"/> 2 Convert (res. to multiple)			
No. of units <input type="checkbox"/> 1 Purchase <input type="checkbox"/> 3 Refinance - Other <input type="checkbox"/> 1 Improve <input type="checkbox"/> 2 Refin. outstanding bal. of NHA mort. loan			
Underwriting fee enclosed <input type="checkbox"/> 1 Insured Progress Advance <input type="checkbox"/> 2 Insured Single Advance			

CLIENT GROUP

<input type="checkbox"/> 1 Family <input type="checkbox"/> 1 Elderly <input type="checkbox"/> 1 Handicapped <input type="checkbox"/> 1 Special (Specify)
Other NHA financing sought in conjunction with this loan <input type="checkbox"/> 1 RRAP <input type="checkbox"/> 1 Section 56.1 <input type="checkbox"/> 1 Proposal Development Funding
Account no.
Other (specify)

LOAN TERMS/CONDITIONS DETAILS

Interest rate <input type="checkbox"/> 1 Fixed Max <input type="checkbox"/> 2 Adjustable Ceiling rate <input type="checkbox"/> 3 Buy Down Pre Post		
Amount paid to buy down amount due in interest \$	Loan Term YY MM	Amortization Period YRS

LENDER'S FEES AND CHARGES

--

LENDER CERTIFICATION

We certify the information disclosed above including interest rate, lender's fees and charges is complete and accurate. We are providing a copy of our proposed commitment letter and we agree to provide a final copy of our loan commitment letter to CMHC.

We are also satisfied that (A) the borrower has the financial capacity, knowledge and experience to construct, market and manage the project and (B) the owner/borrower has the equity, income and credit worthiness to fulfill obligations under the mortgage loan.

We certify that we have complied with the National Housing Act and the National Housing Loan Regulations.

Signature (Lender by its authorized officer) _____ Date _____

CMHC USE

UNDERTAKING Relying upon the information disclosed herein and all supplementary documents provided, we hereby undertake to insure a loan in the amount of \$ _____	MORTGAGE LOAN INSURANCE PREMIUM Basic _____ % \$ Other (Specify) _____ % \$ TOTAL RESIDENTIAL PREMIUM _____ % \$ Non-residential surcharge _____ % on \$ _____ \$ TOTAL PREMIUM _____ \$
in accordance with and subject to the National Housing Act, National Housing Loan Regulations hereunder, the conditions of the loan insurance specified on this form, and if indicated <input type="checkbox"/> special condition(s) as annexed hereto: Net advance approved by this notification \$ _____	Office _____ Manager _____ Date YY MM DD

REQUIRED ENCLOSURES SEE ADMINISTRATIVE REQUIREMENTS IN MOST RECENT NHA 5062

CMHC reserves the right to request additional information which it considers material to the request for insurance.

CERTIFICATE OF INSURANCE (TO BE COMPLETED BY CMHC)

PURSUANT TO THE NATIONAL HOUSING ACT, AS AMENDED, THE CORPORATION HEREBY INSURES

HEREIN CALLED THE INSURED, ON THE TERMS AND CONDITIONS SET FORTH IN THIS DOCUMENT.

TITLE DEFECTS, IF ANY, (LISTED HEREUNDER) ARE ACCEPTABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

Gross advances disbursed including Mortgage Loan Insurance Premium	Final Interest Rate	Amortization Period	Loan Term
\$ _____	Effective Date	Yrs.	Yrs.

CANADA MORTGAGE AND HOUSING CORPORATION

Date	Signature
	AUTHORIZED REPRESENTATIVE
	PRESIDENT
	VICE-PRESIDENT

CMHC MORTGAGE LOAN INSURANCE

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SOCIAL HOUSING	Authorization - Loan Advance - Form CMHC 2729	2
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Canada Mortgage
and Housing Corporation

Société canadienne
d'hypothèques et de logement

Canada

LENDER (NAME, ADDRESS AND POSTAL CODE)
PRÊTEUR (NOM, ADRESSE ET CODE POSTAL)

AUTHORIZATION — LOAN ADVANCE
AUTORISATION — AVANCE AU COMPTE DU PRÊT

CMHC OFFICE BUREAU SCHL	CMHC ACCOUNT NO N° DE COMPTE SCHI
LENDER'S REFERENCE NO N° DE RÉF. DU PRÊTEUR	AUTHORIZATION NO N° DE L'APPROBATION

BORROWER'S IDENTIFICATION & ADDRESS
IDENTIFICATION ET ADRESSE DE L'EMPRUNTEUR

PROPERTY ADDRESS
ADRESSE DE LA PROPRIÉTÉ

The first two papers by G. A. Kozlov and V. I. Shadrin are devoted to the study of the asymptotic behavior of solutions of the Cauchy problem for the wave equation in the case of a nonuniformly elliptic operator. The third paper by V. I. Shadrin is devoted to the study of the asymptotic behavior of solutions of the Cauchy problem for the wave equation in the case of a uniformly elliptic operator. The fourth paper by V. I. Shadrin is devoted to the study of the asymptotic behavior of solutions of the Cauchy problem for the wave equation in the case of a nonuniformly elliptic operator. The fifth paper by V. I. Shadrin is devoted to the study of the asymptotic behavior of solutions of the Cauchy problem for the wave equation in the case of a uniformly elliptic operator.

[illegible]

PART I REQUEST — AUTHORIZATION LOAN ADVANCE (For completion by Approved Lender with Basic Processing Service Applications)
PARTIE I DEMANDE — AUTORISATION AVANCE AU COMPTE DU PRÊT (À être remplie par le prêteur agréé avec Service de traitement de base)

DATE OF PROGRESS EXAMINATION	YY/AA	MM	DD/JJ	PERCENTAGE OF WORK COMPLETED	
DATE DE L'EXAMEN DE PROGRESSION DES TRAVAUX				POURCENTAGE DE PARACHÈVEMENT DES TRAVAUX	%

COMMENTS / COMMENTAIRES

LENDER CERTIFICATION

We certify that we have completed a progress examination of the property identified above. Our examination indicates the above-noted percentage of work completed. We hereby request authorization to make a progress advance based upon the above percentage of work completed.

ATTESTATION DU PRÊTEUR

Nous certifions que nous avons procédé à un examen de la progression des travaux sur la propriété mentionnée ci-haut. Notre examen nous a indiqué le pourcentage de parachèvement qui apparaît à la rubrique "pourcentage de parachèvement des travaux". Par la présente, nous demandons l'autorisation d'effectuer une avance au compte du prêt sur la base du pourcentage de parachèvement mentionné ci-dessus.

SIGNATURE (LENDER BY ITS AUTHORIZED OFFICER/REPRESENTANT AUTORISE DU PRETEUR)

DATE _____

PART 2 APPROVAL — LOAN ADVANCE (For completion by CMHC)
PARTIE 2 APPROBATION — AVANCE AU COMPTE DU PRÊT (À être remplie par la SCHL)

CUMULATIVE PREVIOUS PROGRESS ADVANCES APPROVED BY CMHC
AVANCES PROGRESSIVES CUMULATIVES APPROUVÉES ANTÉRIEUREMENT PAR LA SCHL

\$ _____

NET PROGRESS ADVANCE APPROVED BY THIS AUTHORIZATION
AVANCE PROGRESSIVE NETTE APPROUVÉE PAR CETTE AUTORISATION

\$ _____

TOTAL PROGRESS ADVANCES APPROVED TO DATE (EXCLUDING MORTGAGE LOAN INSURANCE PREMIUM)
TOTAL DES AVANCES PROGRESSIVES APPROUVEES JUSQU'A AUJOURD'HUI (A L'EXCLUSION DE LA
PRIME D'ASSURANCE)

M) \$ _____

NOTE Part 2 of this Authorization — Loan Advance has been completed solely for the purpose of providing an approval to the above named lender to make a loan advance. It does not constitute a report of a technical inspection of the subject property to ensure compliance with NHA standards and is not to be interpreted as such. CMHC does not assume any responsibility to the present or any subsequent owner of the subject property as a result of the completion of this Authorization-Loan Advance

NOTE: La Partie 2 de cette Autorisation – Avance au compte du prêt a été complétée par la SCHL dans le seul but de fournir au prêteur mentionné en titre l'approbation d'effectuer une avance au compte du prêt hypothécaire. Elle ne constitue nullement un rapport d'inspection technique qui garantit que la propriété sujette est conforme aux normes de construction de la LNH et elle ne doit pas être interprétée comme tel. La SCHL n'assume aucune responsabilité qui pourrait résulter de cette Autorisation – Avance au compte du prêt envers le propriétaire actuel ou tout propriétaire subséquent.

COMMENTS • COMMENTAIRES

Printed in Great Britain by the University Press, Cambridge

SIGNATURE (MANAGER/DIRECTEUR)

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CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RENEWAL OF SOCIAL HOUSING LOANS	Overview	1
		1994-05-23

INTRODUCTION

This Section deals with the renewal of Social Housing loans under CMHC's Direct Lending program which was implemented August 1, 1993.

GENERAL

The background, objectives, eligibility, assistance available, sponsor participation and role of Approved Lenders are explained.
(0103-02)

INDIAN ON-RESERVE
LOANS

While On-Reserve loan renewals are eligible for renewal by CMHC, implementation of the Direct Lending program for these loans is delayed until further notice.

(0103-03)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RENEWAL OF SOCIAL HOUSING LOANS	General	1
		1994-05-23

INTRODUCTION

In June 1993 CMHC announced the implementation effective August 1, 1993, of Direct Lending for the financing of new Social Housing commitments and renewal of existing Social Housing loans. The new Direct Lending program cancels and replaces CFRP.

ELIGIBILITY FOR DIRECT LENDING

CMHC's Direct Lending program applies to the following (as they reach term maturity):

- ° Section 95 pre-86 Social Housing (previously renewed under CFRP) *
 - ° Section 95 post-85 CMHC-led Social Housing (previously renewed under CFRP) *
 - ° Section 95 post-85 F/P Province-led
 - ° Section 82 Public Housing loans - Lender financed.
- * On-Reserve Housing though eligible has not yet been included in Direct Lending. Refer to SP 0103-03 for outline.

BACKGROUND

Under Sections 95 and 82 of the NHA, the Federal Government subsidizes Social Housing and Public Housing projects. As financing costs are the largest single cost of residential projects, they directly impact subsidy costs supported by the Canadian taxpayers.

The Competitive Financing Renewal Process (CFRP) which has been replaced by the Direct Lending program, successfully reduced interest rates on social housing renewals thereby resulting in subsidy savings for the Federal Government of \$231 million over the almost 5 years it was in place.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RENEWAL OF SOCIAL HOUSING LOANS	General	2
		1994-05-23

BACKGROUND
(cont'd)

The federal budget of April 1993 cancelled further Social Housing programs beyond January 1, 1994 and capped federal subsidy expenditures at \$2 billion per year. Any additional funding required to maintain the existing social housing stock or provide scope for new commitments will have to come from savings achieved through efficiencies such as Direct Lending. CMHC estimates that Direct Lending will result in additional savings of \$120 million over 4 years.

CMHC's borrowing capacity and credit standing as a Federal Crown Corporation together with its ability to lend on a break-even basis translates into less expensive financing for social housing than can be provided by Approved Lenders who are entitled to a reasonable return on their investment. CMHC will be looking to the capital markets to fund Direct Lending through a program of notes and bonds.

OBJECTIVES

To maximize the potential for subsidy savings currently estimated at \$120 million over 4 years through a borrowing program of bonds and notes issued in the capital markets. The Social Housing portfolio of \$11 billion in financing combined with the borrowing capacity and credit standing provides the Federal Government, through CMHC, with the opportunity for significant savings which will be essential to maintain the existing portfolio and provide opportunity for new commitments.

Where provinces and territories cost-share on the F/P Social Housing projects, savings will also accrue to them.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
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APPROVED LENDER'S
PARTICIPATION

Direct Lending is not a process open to bidding as was the case with CFRP. Circumstances including those already identified above dictate that we must pursue the most cost-effective method of funding and subsidizing social housing to the benefit of all Canadians within the parameters established by the Government. Accordingly, the Direct Lending program of necessity is based on the expectation of full participation by all sponsor groups in receipt of subsidy.

While it is recognized that Direct Lending will significantly reduce the NHA product available to the lending community, CMHC's funding activity may provide alternative business opportunities for Approved Lenders. Those seeking information on this aspect of the program are encouraged to contact the Treasury Division, National Office, CMHC.

SPONSOR'S
PARTICIPATION

Sponsors have the prerogative to select their Approved Lender. However, it is expected that sponsor groups in receipt of federal Social Housing subsidies through CMHC will comply with this initiative in order to promote the continuation of the portfolio which they helped build by contributing to this efficiency in government expenditures.

In line with CMHC's responsibility to maximize savings, where sponsors refuse to comply with Direct Lending, the subsidy will be calculated on the lesser of the Direct Lending rate or the actual rate of their renewal for the full term available under the Direct Lending Program at their renewal date. Thus, unless the Direct Lending interest rate and term are matched by the Approved Lender selected by the sponsor, those sponsors who renew outside of the Direct Lending program risk the viability of their project.

CMHC MORTGAGE LOAN INSURANCE

Section RENEWAL OF SOCIAL HOUSING LOANS	Subject General	Page 4 1994-05-23
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ROLE OF APPROVED
LENDERS

Several months prior to term maturity for Social Housing loans, CMHC will request that Approved Lenders provide a payout statement for Social Housing loans eligible for Direct Lending. The statement is to provide the following:

- ° the projected principal balance as of the maturity date after application of the final payment due on that date as per the previous mortgage renewal between the sponsor group and the Approved Lender,
- ° the projected tax account balance as of the maturity date after application of all payments due and payable on and before the maturity date,
- ° where applicable, the amount of arrears in principal, interest and tax payments plus details of repayment arrangements currently in place,
- ° confirmation of the remaining amortization period as of the maturity date,
- ° copy of any existing surveys of the mortgaged property as may be in their possession.

ROLE OF APPROVED
LENDERS

The current Approved Lender may also be requested to provide copies of the original mortgage and related security documents where they cannot be obtained at the Registry office.

It is expected that Approved Lenders will cooperate by providing this information on a timely basis.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RENEWAL OF SOCIAL HOUSING LOANS	General	5
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ROLE OF APPROVED
LENDERS (cont'd)

CMHC will initiate the required legal documents related to the assignment to CMHC and will provide them to the Approved Lender for execution, along with related instructions as may be required.

On the renewal date, CMHC will pay out the current Approved Lender and take an assignment of the mortgage, chattel mortgage, assignment of rents and leases and other applicable documentation including the Mortgage Loan Insurance Policy.

When payout cannot occur precisely on the maturity date, due to statutory holidays or weekends, CMHC will provide the payout plus applicable per diem interest to the first following business day calculated on the basis of the current effective interest rate, semi-annually compounded for the number of days applicable. This calculation is the same as that used in payment of claims under the Mortgage Loan Insurance Policy.

Alternatively, where acceptable to the current Approved Lender, CMHC will provide payout before close of business on the last day of the previous month post-dated to the maturity date. In this case, no per diem interest will apply.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RENEWAL OF SOCIAL HOUSING LOANS	Indian On-Reserve Loans	1
		1994-05-23

INTRODUCTION

On-Reserve Social Housing loans subject to renewal are eligible for Direct Lending. However, implementation of this program has been delayed until further notice.

On-Reserve loan renewals are subject to conditions only relevant to Reserves. Details of these conditions follow.

GUARANTEE

Social Housing On-Reserve loans are insured by CMHC subject to a Guarantee by the Minister of Indian and Northern Affairs.

LOAN RENEWAL

Direct Lending has not been implemented for On-Reserve renewals. Until further notice, Bands renewal process for On-Reserve loans is as follows:

Bands are to invite interest rate quotes for their renewals from at least three Approved Lenders of their choice. Bands must select the lowest interest rate and obtain CMHC approval prior to accepting.

CHANGE IN APPROVED
LENDER

Where a Band renews its loan with a different Approved Lender, a new Band Council Resolution (BCR) approving the terms and conditions of the renewal must be produced by the Band as soon as possible and prior to the renewal date so that a new Ministerial Guarantee can be issued.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RENEWAL OF SOCIAL HOUSING LOANS	Indian On-Reserve Loans	2
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NEW LOAN AGREEMENT

The new Approved Lender is required to sign a new loan agreement with the Band prior to renewal. This is required as supporting documentation for issuance of the new Ministerial Guarantee.

INDIAN AND
NORTHERN AFFAIRS

Indian and Northern Affairs will undertake to issue a new Ministerial Guarantee within 45 days of request. This is conditional upon their receipt of all required information.

Note: Approved Lenders are advised not to proceed to fund the renewal until confirmation is received that the new Guarantee has been issued.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PRE-1986 PROJECTS	Overview	1
		1990-10-01

INTRODUCTION

This Section deals with pre-1986 projects committed under NHA Section 95.

GENERAL

The background, capital financing, mortgage loan insurance premium, underwriting fee, premium collection, nature of federal assistance, eligible borrowers, projects, lender responsibilities and lead role are explained.

(0104-02)

LEAD ROLE BY
PROVINCE

Lead role responsibility by province is explained.

(0104-03)

LEAD ROLE BY
CMHC

Lead role responsibility by CMHC is explained.

(0104-04)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PRE-1986 PROJECTS	General	1
		1990-10-01

INTRODUCTION

Many projects committed prior to 1986 under Section 95 of the NHA are still under administration. They are not affected by the changes brought about by the revised Non-Profit Programs, Federal/Provincial, or Territorial Global and Operating Agreements. See 0102-03 for details.

Pre-1986 Projects are detailed below.

CAPITAL FINANCING

First mortgage loans of up to 100% of eligible project capital costs were available. Loans to provinces for the conversion of non-residential projects to residential (prior to 1985) were limited to a maximum loan ratio of 90%.

MORTGAGE LOAN
INSURANCE PREMIUM/
UNDERWRITING
FEE

No premium was payable on a loan made to a province or public housing agency. The normal underwriting fee applied.

RETROACTIVE
PREMIUM
COLLECTION

No premium was required on publicly-initiated projects. If projects are sold to private or co-operative groups, the premium must be paid as a condition of transferring the Section 95 agreement. The amount of the premium is equivalent to that which would have been charged had the loan been made to the purchaser in the first instance.

NATURE OF
FEDERAL
ASSISTANCE

Contributions under Section 95 effectively reduced the project's market interest rate to as low as 2%.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PRE-1986 PROJECTS	General	2
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ELIGIBLE BORROWERS The following groups were eligible for Section 95 contributions:

- Non-profit corporations
- Co-operative associations described in Section 27(2), NHA
- Provinces or municipalities
- Public housing agencies described in Section 78, NHA
- Indian Band Councils
- A group of Indians within the meaning of the Indian Act, each of whom resided on a reserve within the meaning of that Act
- Urban Native Non-Profit Housing groups.

ELIGIBLE PROJECTS Social Housing projects could be produced through new construction, through the acquisition of existing buildings with or without subsequent rehabilitation and the conversion of existing buildings.

LENDER
RESPONSIBILITIES Lenders were limited to providing capital funds in accordance with normal and prudent mortgage practice as for all other insured loans. Lenders have no obligation to monitor any aspect of the low-income nature of a project. This is a CMHC obligation which will be exercised through the operating agreement with the borrower.

CMHC MORTGAGE LOAN INSURANCE

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PRE-1986 PROJECTS	General	3
		1990-10-01

LEAD ROLE
RESPONSIBILITY

Each province determined those specific Social Housing clients for whom it would become directly involved in providing housing. In those instances, the province took the "lead role".

CMHC assumed the "lead role" for all other Social Housing clients in the province. Lead role responsibilities were embodied in Federal/Provincial Agreements.

For details on "lead role" responsibilities see 0104-03 (province) and 0104-04 (CMHC).

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PRE-1986 PROJECTS	Lead Role by Province	1
		1990-10-01

INTRODUCTION

"Lead role" responsibility was determined by each province who decided on those specific Social Housing clients for whom it would become involved in providing housing. CMHC became responsible for other Social Housing clients in the province.

The manner in which the Social Housing loan application was documented and processed depended on who had the "lead role". Details of provincial activities are provided below.

NOTICE OF
COMMITMENT

The province certified to CMHC on Form "Notice of Commitment" that a project met the program criteria and was built within predetermined price limits.

The "Notice of Commitment" was the only requirement by CMHC to undertake to insure a loan by an Approved Lender to a Non-Profit Corporation.

CMHC would then sign the form and return it to the province. The Non-Profit Corporation could then negotiate a loan with a lender.

FORM CMHC 530

An agreement in principle by the lender to make a loan to a Non-Profit Corporation initiated the following actions.

The lender would forward the following documentation to the CMHC local office:

- the "Notice of Commitment" form
- the Request, Undertaking to Insure, Form CMHC 530, (for illustration, see 0104-05) and
- the appropriate underwriting fee.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PRE-1986 PROJECTS	Lead Role by Province	2
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FORM CMHC 530
(Cont'd)

The local CMHC office Manager signed the Undertaking to Insure, form CMHC 530 and returned it to the lender. The lender could then issue a formal loan commitment to the Non-Profit Corporation.

CONSTRUCTION PHASE

The province was responsible for all phases of construction including inspections. From time to time, the province requested progress advances by certifying to CMHC the amount of work in place.

FORM CMHC 15

CMHC's issuance to the lender of Report-NHA Inspection, CMHC 15, (for illustration, see 0104-05) would allow the lender to make the advance to the borrower. The lender would then send the appropriate mortgage loan insurance premium to CMHC.

PROJECT COMPLETION

When a project was completed, the province would submit to CMHC the Project Certification Form. CMHC would then recommend that the lender make the final advance and issue the Mortgage Loan Insurance Policy.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PRE-1986 PROJECTS	Lead Role by CMHC	1
		1990-10-01

INTRODUCTION

"Lead role" responsibility was determined by each province who decided on those specific Social Housing clients for whom it would become involved in providing housing. CMHC became responsible for other Social Housing clients in the province.

The manner in which the Social Housing loan application was documented and processed depended on who had the "lead role". Details of CMHC activities are provided below.

START-UP PROPOSAL
DEVELOPMENT FUNDING

CMHC provided project development funding under Section 76, NHA to assist privately-sponsored groups to meet established program criteria.

LOAN APPLICATION

The standard loan application and commitment procedures were followed and normal borrower/lender relationships were required.

ADVANCES AND
INSPECTIONS

Normal procedures for loan advancing were followed. CMHC would inspect the projects and recommend and insure advances.

CHANGE IN LOAN
AMOUNT

Normal procedures were followed for loan increases or decreases. Since the level of financing was often 100%, lenders were expected to anticipate changes in the loan amount (e.g. lenders were expected to accommodate increases/decreases where cost overruns occurred or where the full amount of approved loan was not required).

CMHC MORTGAGE LOAN INSURANCE

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Canada Mortgage and Housing Corporation
Corporation canadienne d'hypothèques et de logement

REPORT-NHA INSPECTION / RAPPORT D'INSPECTION LNH

INSPECTION DATE DATE D'INSPECTION	REPORT NO RAPPORT NO	CODE
LENDERS REFERENCE NO. NO DE RÉF. DU PRÊTEUR	CMHC ACCOUNT NO. NO DE COMPTE SCHL	NO. OF UNITS INSPECTED Nbre DE LOG. INSP.
		TIME STANDARD FEE TAUX HORAIRE
		CHARGEABLE TIME TEMPS IMPUTABLE

TYPE OF INSPECTION GENRE D'INSPECTION	Excavation Excavation	Foundation Fondations	Insulation Isol. therm.	Completed with Seasonal Achevé sauf retards saisonniers	Final Final	Advance Avance
	Monitoring Contrôle	Mandatory Obligatoire	Factory D'usine	Re-insp. Réinspection	Other Autre	
UNIT TYPE GENRE DE LOGEMENT	Single Individuel	Semi-Duplex Jumelé Duplex	Apartment (No. of units) Appartements (Nbre de log.)	Other (Specify) Autre (préciser)	SERVICES INSTALLED SERVICES RACCORDÉS	
	Mobile Home Maison mobile	High Rise Tour d'hab.	Row (No. of units) En bande (Nbre de log.)			
START DATE MISE EN CHANTIER	Day Jour	Month Mois	Year Année	SEWER ÉGOUT		
				San San		
				Storm Pluvial		
				Water Eau		
				Hydro Électr.		
LEGAL DESCRIPTION/DÉSIGNATION OFFICIELLE				ROADS RUES		
CIVIC ADDRESS OF PROPERTY INSPECTED / ADRESSE DE LA PROPRIÉTÉ INSPECTÉE				Gravel Gravier		
				Pavement Revêtement		
<input type="checkbox"/> Advance purposes only. No compliance inspection made. Aux fins d'une avance seulement. Aucune inspection de conformité faite.				Curbs/Gutters Rebords/caniveaux		
<input type="checkbox"/> Construction conforms reasonably with approved plans and specifications and with Minimum Standards. Construction raisonnablement conforme aux plans et devis approuvés ainsi qu'aux Normes minimales.				Sidewalks Trotoirs		
<input type="checkbox"/> Construction acceptable subject to correction of infractions or deficiencies as noted. Construction acceptable sous réserve de rectifier les infractions ou les vices de construction notés ci-dessous						
<input type="checkbox"/> Re-Inspection required. Notify CMHC when the following major infractions have been corrected. Réinspection requise. Aviser la SCHL lorsque les infractions majeures suivantes auront été rectifiées				% Completed Achevé %		
NOTES/REMARQUES						
				A		
				B		
				C		
				D		
				E		
				F		
				G		
				H		
				I		
				J		
				K		
				L		
				M		
				N		
				O		
				P		
				Q		
				R		
				S		
				T		
TOTAL						

<input type="checkbox"/> Completed (for mgtg. purposes) Achevé (aux fins hypothécaires)	HOLDBACK FOR RETENUE À CAUSE DES:	DATE	INSPECTION INSPECTEUR
	Deficiencies Vices		
	Major infractions Infractions majeures		
	Certificates Certificats		
	Other Autres		

CMHC NOTICE - LOAN ADVANCE / AVIS SCHL - AVANCE SUR LE PRÊT

Net Advance (excluding mortgage loan insurance premium) approved by this notification Avance nette (à l'exclusion de la prime d'assurance sur le prêt hypothécaire) approuvée par la présente				\$	
DATE	PREPARED BY/PRÉPARÉ PAR	DATE	CHECKED BY/VÉRIFIÉ PAR	DATE	SIGNATURE (Manager/gerant)

CMHC / SCHL 15 7/87

Canada

CMHC MORTGAGE LOAN INSURANCE

Section

Subject

Page

2

PRE-1986 PROJECTS

Request - Undertaking
to Insure -
Form CMHC 530

1990-10-01

Canada Mortgage and Housing Corporation

Soci t  canadienne
d'hypoth ques et de logementREQUEST - UNDERTAKING TO INSURE
NHA SECTION 6
FOR HOME OWNERSHIP ONLY

Canada

Protected when completed
Prot g  une fois rempli

LENDER (NAME, ADDRESS, POSTAL CODE)

PROPERTY IDENTIFICATION

Property Civic Address Street No.	Street Name	Apt./Unit
City/Municipality	Province	Postal Code
Legal Description		

LOAN DETAILS

Applicant Type	Future	Repayment Type	Dwelling Type	New/Existing	Builder Loan Type	Type of Processing Services
<input type="checkbox"/> 01 Builder	<input type="checkbox"/> 1 Freehold	<input type="checkbox"/> 01 EPM	<input type="checkbox"/> 001 Single	<input type="checkbox"/> 1 New	<input type="checkbox"/> 01 Pre Sold	<input type="checkbox"/> 1 Purchase
<input type="checkbox"/> 02 Homeowner	<input type="checkbox"/> 2 Leasehold	<input type="checkbox"/> 02 Semi Det	<input type="checkbox"/> 004 Row	<input type="checkbox"/> 2 Existing	<input type="checkbox"/> 02 Spec	<input type="checkbox"/> 2 Refin. Outstanding
<input type="checkbox"/> 03 Purchase from Build	<input type="checkbox"/> 3 Condo	<input type="checkbox"/> 03 Duplex	<input type="checkbox"/> 005 Apt	<input type="checkbox"/> 03 Homeowner	<input type="checkbox"/> 1 Basic	<input type="checkbox"/> 3 Refinance Other
<input type="checkbox"/> 4 Ind. Pks	<input type="checkbox"/> 4 Ind. Pks	<input type="checkbox"/> 006 Mob	<input type="checkbox"/> 006 Apt	<input type="checkbox"/> 03 Homeowner	<input type="checkbox"/> 2 Full	<input type="checkbox"/> 1 Improve
No. of Units	Underwriting Fee Enclosed	<input type="checkbox"/> 1 Well	<input type="checkbox"/> 1 Septic Tank	<input type="checkbox"/> 1 Insured Progress Advances	<input type="checkbox"/> 2 Insured Single Advance	

Telephone Approval Given	Date	YY	MM	DD
<input type="checkbox"/> 0 No	<input type="checkbox"/> 1 Yes			
Contact Person	Vendor/Buyer (Name and Telephone)			
Comments				

HOUSING COST/PRICE DETAILS (NEAREST DOLLAR)

Purchase Price or Refinancing Cost or Sale Price	00
Proposed Improvement (if Applicable)	00
Mortgage Loan Insurance Premium	00
<input type="checkbox"/> Enclosed and not to be charged to Mortgage Account	<input type="checkbox"/> To Follow
TOTAL ESTIMATED COST OR PRICE	00

BORROWER(S)

Name and address	Telephone	Home	Bus
Age of Borrower if available	Number of Dependents	Child	1 Spouse
Annual Borrower(s) Total Income (Nearest \$1000)	Co-Borrower Income	Ratio GDS to Income	TDS
Annual Shelter Payment			

LOAN TERMS/CONDITIONS DETAILS

Interest Rate	<input type="checkbox"/> 1 Fixed	<input type="checkbox"/> 2 Adjustable Ceiling Rate	<input type="checkbox"/> 3 Buy Down Pre	<input type="checkbox"/> 4 VRM Initial Rate
Amount paid to buy down amount due in interest	Loan Term	YY	MM	Amortization Period
				YRS

HOUSING FINANCING DETAILS (NEAREST DOLLAR)

NHA Mortgage Loan	00		
Mortgage Loan Insurance Premium	00		
Borrower's Equity from Own Resources	00		
Cash	Land	Labour	Total
Secondary Financing (Provide Details)	00		
TOTAL COST OR SALE PRICE INCLUDING MORTGAGE LOAN INSURANCE PREMIUM	00		

LENDER CERTIFICATION

• We certify the information disclosed above including interest rate, lender's fees and charges is complete and accurate and we agree to provide a copy of the loan commitment letter to CMHC, if requested. We are also satisfied, as a result of an analysis that (A) the borrower has the financial capacity, knowledge and experience to construct, market and manage the project, or (B) the homeowner/borrower has the equity, income and credit worthiness to fulfill obligations under the mortgage loan and intends to occupy the unit as a single family dwelling and has been advised that the loan may be reduced upon failure to occupy.

• We certify that we have complied with the National Housing Act and the National Housing Loan Regulations. • We certify that the civic address, the legal description and the current photograph provided correspond to the subject property.

• If aggregate fees and charges are in excess of \$ 350 please provide details separately.

Date _____ Signature (Lender by its authorized officer) _____

CMHC USE

UNDERTAKING Relying upon the information disclosed herein, we hereby undertake to insure the above described loan as requested by the lender in accordance with and subject to the National Housing Act, National Housing Loan Regulations thereunder, and the conditions of loan insurance specified below as they apply and <input type="checkbox"/> SPECIAL CONDITION(S) AS ANNEXED HERETO		AMOUNT OF INSURABLE LOAN \$ _____ MORTGAGE LOAN INSURANCE PREMIUMS Base Premium _____ % + Surcharge(s) _____ % = Total Premium _____ % Total Premium \$ _____ if charged to Mortgage Account \$ _____ TOTAL INSURABLE LOAN \$ _____ If VRM LOAN enter trigger point \$ _____	
Net advance (excluding mortgage loan insurance premium) approved by this notation \$ _____ Underwriting Fee Received Amount _____ Date _____ Authorized Officer _____ Amount _____ Date _____ Authorized Officer _____	HOLDBACK (if applicable) \$ _____ Mortgage Loan Insurance Premium Received Amount _____ Date _____ Authorized Officer _____ Amount _____ Date _____ Authorized Officer _____	Date YY MM DD Office Manager	

CERTIFICATE OF INSURANCE (TO BE COMPLETED BY CMHC)

PURSUANT TO THE NATIONAL HOUSING ACT, AS AMENDED, THE CORPORATION HEREBY INSURES

HEREIN CALLED THE INSURED, ON THE TERMS AND CONDITIONS SET FORTH IN THIS DOCUMENT

TITLE DEFECTS IF ANY (LISTED HEREUNDER) ARE ACCEPTABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

Gross advances disbursed including Mortgage Loan Insurance Premium	INTEREST RATE	Final	Amortization Period	Loan Term
\$ _____	Effective date		Yrs	Yrs

CANADA MORTGAGE AND HOUSING CORPORATION

Date _____ Signature _____

AUTHORIZED REPRESENTATIVE

PRESIDENT VICE-PRESIDENT

CMHC 530 3/88 P-PU 040 CMHC is subject to the Access to Information and Privacy Act

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FEDERAL CO-OP HOUSING PROGRAM - GENERAL	Overview	1
		1990-10-01

INTRODUCTION

This Chapter provides details on the Federal Co-operative Housing Program.

An overview follows. For details, refer to location numbers indicated.

GENERAL

This Section deals with general program details, the application process and subsidy assistance available.

(0201-02)

INDEX-LINKED
MORTGAGES

This Section provides details on Index-Linked Mortgages.

(0202-01)

DEFAULT PROTECTION
AND PREVENTION

This Section provides details on measures designed to enhance protection and prevention against loan default using Index-Linked Mortgages (ILM's).

(0203-01)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FEDERAL CO-OP HOUSING PROGRAM - GENERAL	General	1
		1990-10-01

INTRODUCTION

The Federal Co-operative Housing Program, featuring Index-Linked financing, was introduced in 1986.

BACKGROUND

Between 1979 and 1985 the Federal Government operated a Co-op Housing Program under NHA Section 95.

In 1985 CMHC undertook initiatives to develop a new program. With the assistance of the Co-operative Housing Foundation of Canada, the Federal Co-operative Housing Program came into effect in 1986.

OBJECTIVES

This program, featuring Index-Linked financing, is designed to provide cost-effective Co-operative Housing and security of tenure for moderate-income households who cannot afford homeownership units.

INDEX-LINKED
MORTGAGES

Index-Linked Mortgages (ILM's) are a key feature of this program. For details, see 0202-01.

MORTGAGE LOAN
INSURANCE PREMIUM

Co-op projects pay a mortgage loan insurance premium of 3% of the loan amount.

UNDERWRITING FEE

Co-operatives also pay an underwriting fee, (for details, consult the Insurance Initiation Manual.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FEDERAL CO-OP HOUSING PROGRAM - GENERAL	General	2
		1990-10-01

RENT SUPPLEMENT
ASSISTANCE

A minimum of 15% of the units in any single project must be assigned to households receiving Rent Supplement Assistance under NHA Section 95.

In 1988, the Federal Government made it possible to increase the number of rent supplement units to 50% in each project, retroactive to 1986.

PROGRAM PARAMETERS

This program is planned to produce a maximum of 5,000 units per year for the five years (1986-1990). This figure includes units in projects which will not receive federal assistance.

The actual number of units approved annually will be dependent on the amount of federal assistance required to reduce economic rents to market rents, within the parameters of an annual budget.

SECTOR SUPPORT
CONTRIBUTIONS

Up to 1% of the capital cost can be included in the amount financed by the ILM as a contribution by Co-op members to any recognized organization of housing co-operatives. The amount will not be included in the calculation of federal assistance.

Lenders are not required to provide contributions toward the Co-operative Housing Foundation of Canada for any services.

PROJECT COST
CONTROLS

Project costs are subject to a system of maximum unit prices (MUP's) set by CMHC. The same MUP's apply to co-ops as to other Social Housing projects.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FEDERAL CO-OP HOUSING PROGRAM - GENERAL	General	3
		1990-10-01

PROJECT COST
CONTROLS
(cont'd)

Costs for the Stabilization Fund (0203-02), Mortgage Insurance Fund, (SP 0201-02) and Sector Support Contributions (0201-02), and application for mortgage loan insurance are excluded for purposes of comparison of costs with MUP's.

PROJECT SELECTION

CMHC invites interested groups to submit proposals each year for projects which could be developed that year. These proposals are assessed on a number of standard criteria including:

- cost effectiveness
- long-term viability.

Groups judged to have the best proposals receive assistance in preparing a detailed application. Once selected, groups can proceed at their own pace subject to a timetable and progress report agreed to by CMHC.

CMHC will only support projects that satisfy all of its requirements under the Program.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FEDERAL CO-OP HOUSING PROGRAM - GENERAL	Processing of Application	1
		1990-10-01

INTRODUCTION

CMHC must satisfy itself that the project meets program criteria. Lenders or borrowers are required to undertake the steps outlined below.

MORTGAGE
PRACTICE

Lenders are advised to follow normal and prudent mortgage practice in decisions to provide capital funds under this program.

CMHC FORM 530B

Lenders are required to submit the following documentation to CMHC:

- a completed CMHC Form 530B, (for illustration, see 0102-05)
- a standard appendix
- details of special conditions associated with the program and the ILM parameters.

Note: Lenders can obtain the standard appendix and provincial mortgage documents from local CMHC offices.

ADDITIONAL
INFORMATION

Lenders can obtain information on program guidelines, procedures and all forms from the local CMHC office.

Lenders wishing information on financing of Co-operative housing projects using ILM's should contact the :

Program Operations Division
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario
K1A 0P7

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FEDERAL CO-OP HOUSING PROGRAM - GENERAL	Processing of Application	2
		1990-10-01

CMHC FORM 2734

Borrowers are to submit their estimated financial data on the project on the Co-operative Housing Application, CMHC Form 2734, (for illustration, see 0202-08).

CMHC summarizes the project's financial data on this form as part of the commitment process. Once projects are approved, CMHC will send a copy of the form to the lender.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FEDERAL CO-OP HOUSING PROGRAM - GENERAL	Subsidy Assistance	1
		1990-10-01

INTRODUCTION

Under certain conditions, federal assistance is available to projects where initial debt service charges exceed current rent levels.

ELIGIBILITY

For a project to be eligible, its first year debt service charges (calculated on a 30 year amortization), operating costs and reserves must exceed rent levels for private units in the same area with the following comparable characteristics:

- age
- size
- quality.

PROJECT TREATMENT

Assistance is provided and calculated on a project-by-project basis with the purpose of reducing economic rents to market rent levels in year one. Thus, assistance is designed to ensure initial economic feasibility.

Note: If the project does not need federal supply assistance, the first year housing charges are set at the economic rent level.

MARKET RENTS

Market rents are determined by a survey of rental buildings containing units of:

- comparable age
- size, and
- quality.

The survey is carried out in the same market area as the proposed project.

SPECIAL PROGRAMS

SP 0201-04

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FEDERAL CO-OP HOUSING PROGRAM - GENERAL	Subsidy Assistance	2
		1990-10-01

LENGTH AND AMOUNT
OF ASSISTANCE

Assistance may be available for up to the full repayment period of the ILM, and the maximum available to the project each year is adjusted on the same basis as the ILM payments.

SUBSIDY PAYMENTS

At the time of commitment, lenders are advised of the level of assistance. To assist Co-operatives in meeting mortgage payments, payments are made monthly.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEX-LINKED MORTGAGES	Overview	1
		1990-10-01

INTRODUCTION

This section deals with Index-Linked Mortgages.

An overview follows. For details, refer to location numbers indicated.

DEFINITION AND
DESCRIPTION

The concept of Index-Linked Mortgages is outlined. Rates of return, interest rates, "planned tilt", etc. are explained.

(0202-02)

LENDER'S
RESPONSIBILITIES

The responsibilities of lenders under this program are outlined.

(0202-03)

MORTGAGE BALANCE
AND PAYMENT
CALCULATIONS

Mortgage balance and payment calculations are explained.

(0202-04)

ACTUAL MORTGAGE
BALANCES AND
MONTHLY PAYMENTS

Actual mortgage balances and monthly payments under 5% inflation are shown.

(0202-05)

HISTORIC RATES
OF RETURN, EQUAL
PAYMENT MORTGAGES

Historic rates of return on equal payment mortgages with five year terms are displayed.

(0202-06)

INITIAL PAYMENT
FACTORS

Initial payment factors under "planned tilt" and assumed long term inflation are set out.

(0202-07)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEXED-LINKED MORTGAGES	Definition and Description	1
		1990-10-01

INTRODUCTION

An Index-Linked Mortgage (ILM) is defined and described below.

DEFINITION

An Index-Linked Mortgage is one that compensates the lenders for the effects of inflation on their investment by adjustments to the yield throughout the term of the loan.

ELIGIBLE COSTS

Up to 100% of approved project costs can be financed through ILM loans insured by CMHC.

ILM RATE OF
RETURN

The desired fixed real rate of return is combined with an inflation adjustment which varies over the term, with the level of inflation.

CONVENTIONAL
RATE OF RETURN

In conventional mortgages, an allowance for inflation at inception and potential future inflation is fixed. These allowances are built into the rate in addition to the desired rate of return after inflation.

INTEREST RATE

The after-inflation rate of return is ensured in ILM's by combining, with the desired fixed real interest rate, an additional variable interest rate. This rate is indexed according to a stipulated indicator of inflation - the national all-item Consumer Price Index (CPI).

INTEREST RATE
CALCULATIONS

The combined interest rate is updated annually for the change in the CPI over a twelve month period ending six months earlier. Mortgage payments are adjusted annually in a similar way.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEXED-LINKED MORTGAGES	Definition and Description	2
		1990-10-01

MONTHLY
PAYMENTS

With ILM's, initial monthly payments are less than the actual interest accruing. Thus, the interest payment is deferred and added to the principal.

Instead of equal monthly payments over the whole term, payments actually increase over time, more in line with the decreasing value of the money and the borrower's ability to pay the inflation compensation to the investor.

GROWTH IN
PRINCIPAL

Typically, the overall additions of deferred interest to the outstanding principal will peak between the 12th and 15th year of the term. At this point the principal may total about 120% of the original principal.

PLANNED TILT

Principal and interest payments are set at a higher level than would theoretically be required to amortize a fully indexed mortgage so that payments may increase each year at 2 points less than inflation. This is known as "planned tilt".

Planned tilt has the effect of ensuring some improvement in affordability over time and some acceleration of repayment.

ILM BALANCE AND
PAYMENT
CALCULATIONS

ILM Balance and Payment Calculations are set out in 0202-04. Examples of actual balances and monthly payments are set out in 0202-05.

Historical rates of return on Equal Payment Mortgages are set out in 0202-06, and initial payment factors in 0202-07.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEXED-LINKED MORTGAGES	Definition and Description	3
		1990-10-01

ANNUAL
ADJUSTMENT
FACTORS

Annual adjustment factors for ILM's are distributed through the CMHC local office network. Approved Lenders who wish to receive them must contact the :

Program Operations Division
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario
K1A 0P7

TERM OF THE
MORTGAGE

The term is nominally set at 35 years but the repayment is amortized over 30 years. This requires the use of a projected long-term inflation rate.

Note: There may be some variation in the date repayment is completed if the average inflation experienced varies from the initially projected long-term average rate. Unless the rates are significantly different, the time differential would be small.

PRINCIPAL
MAXIMUM

The ILM document provides that any amount by which the accumulated balance, including deferred interest, exceeds three times the original principal must be paid by the borrower. This provision is necessary to comply with the National Housing Loan Regulations. It does not constitute a limit on the amount insured under the mortgage loan insurance policy.

Note: Balances on ILM's would not generally increase to such levels unless the actual inflation was more than double the expected rate for in excess of ten years. In fact, balances in excess of one and a half times would be regarded as unusual.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEXED-LINKED MORTGAGES	Lender's Responsibilities	1
		1990-10-01

INTRODUCTION

Under this program, lenders are responsible for certain activities.

LENDER'S
RESPONSIBILITIES

Lender responsibilities are as follows:

- monitor ILM balances
- project likely occurrences where balances are expected to exceed three times the original principal amount
- notify the borrowers and CMHC well in advance of any anticipated occurrence of the previous situation
- provide CMHC with information relating to the viability of the project

Note: When extended inflation appears to be driving balance levels towards the three-fold increase in principal, lenders must obtain guidance from CMHC two years in advance.

CMHC
RESPONSIBILITIES

Where CMHC is satisfied that enforcement of paydown may force unnecessary loan default, it may approve full or partial non-enforcement of the paydown.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEX-LINKED MORTGAGES	Mortgage Balance and Payment Calculations	1
		1990-10-01

INTRODUCTION

The following formulae and examples describe the Index-Linked Mortgage and related calculations, as used in conjunction with the Federal Co-operative Housing Program.

INITIAL MONTHLY
PAYMENT
CALCULATIONS

The following is an example of calculations of initial monthly payments.

Assume: Loan Amount (dollars) = 60,000 (A)
Fixed real rate = 4.0% (r)
Tilt = 2.0% (t)
Repayment period (months) = 360 (N)
Anticipated long term inflation rate = 5.0% (P)

Step 1: Determine required rate (I)

$$I = r + P = 4.0\% + 5.0\% = 9.0\% \text{ or } 0.09$$

Step 2: Convert rate to effective monthly rate (i)

$$i = (1 + I/2)^{1/6} - 1 = 1 + (0.09/2)^{1/6} - 1 \\ = (1 + 0.045)^{1/6} - 1 = 1.007763123 - 1 = 0.007363123$$

Step 3: Determine effective annual rate (R).

$$R = (1 + i)^{12} - 1 = (1.007363123)^{12} - 1 = 1.092025 - 1 \\ = .092025 \text{ i.e. } 9.2025\%$$

Step 4: Calculate within year, monthly discount factor (d_m).

$$d_m = 1 / (1 + i) = 1 / 1.007363123 = 0.9926906963$$

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEX-LINKED MORTGAGES	Mortgage Balance and Payment Calculations	2
		1990-10-01

INITIAL MONTHLY
PAYMENT
CALCULATIONS
(Cont'd)

Step 5: Calculate value at start of year of \$1.00 per month (V_m).

$$\begin{aligned}
 V_m &= \frac{dm - dm^{13}}{1 - dm} \\
 &= \frac{0.9926906963 - 0.9090367}{1 - 0.9926906963} = \frac{0.0836541}{0.0073093} = 11.444878549
 \end{aligned}$$

Step 6: Calculate yearly discount factor (d_y).

$$\begin{aligned}
 d_y &= \frac{1 + P - t}{1 + R} \\
 &= \frac{1 + 0.05 - 0.02}{1 + 0.092025} \\
 &= \frac{1.03}{1.092025} \\
 &= .9432018498
 \end{aligned}$$

CMHC MORTGAGE LOAN INSURANCE

Section INDEX-LINKED MORTGAGES	Subject Mortgage Balance and Payment Calculations	Page 3 1990-10-01
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INITIAL MONTHLY
PAYMENT
CALCULATIONS
(Cont'd)

Step 7: Calculate present value of all payments (V_y).

$$\begin{aligned}
 V_y &= \frac{V_m (1 - d_y \frac{N}{12})}{(1 - d_y)} \\
 &= \frac{11.444878549 (1 - 0.943201898^{30})}{1 - 0.943201898} \\
 &= \frac{11.444878549 (1 - 0.1730371344)}{0.0567981602} \\
 &= 166.63376402
 \end{aligned}$$

Step 8: Determine ratio of initial monthly payment to loan (f).

$$f = 1/V_y = 1/166.63377 = 0.0060011847$$

Step 9: Calculate initial monthly payment (PA).

$$PA = f \times A = 0.0060012 \times 60,000 = 360.07108376, \text{ say } \$360.$$

CMHC MORTGAGE LOAN INSURANCE

Section INDEX-LINKED MORTGAGES	Subject Mortgage Balance and Payment Calculations	Page 4 1990-10-01
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POST-IAD INTEREST
RATE CALCULATION

An example of the post-IAD interest rate calculation is set out below.

Payments are due on the first of each month. Month 1 is the month in which the first payment is due.

Fixed real rate = 4.0%

Variable rate (say for payments 25 to 36):

Suppose: CPI Month 18 = 110.250

CPI Month 6 = 105.000

Then ratio CPI Month 18/CPI Month 6

= $110.250/105.000 = 1.0500$

and full year inflation rate is $1.05 \times 100 = 5.0\%$

Therefore, fixed plus variable rate is $4.0 + 5.0 = 9.0\%$

ANNUAL PAYMENT
ADJUSTMENT
CALCULATIONS

Annual payment adjustment calculations are set out below.

Payments are due on the first of each month. Month 1 is the month in which the first payment is due.

Monthly payment 24 = \$370.87 (second anniversary of IAD)

CPI Month 18 (i.e. 6th month preceding anniversary) = 110.250

CPI Month 6 (i.e. 18th month preceding anniversary) = 105.000

Ratio = $110.250/105.000 = 1.050$

Less tilt factor = 0.020

Payment index factor = 1.030

Monthly payments 25 to 36 = 370.87×1.03
= 381.9961, say
382.00

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEX-LINKED MORTGAGES	Actual Mortgage Balances and Monthly Payments	1
		1990-10-01

INTRODUCTION

The table below sets out mortgage balances and monthly payments under 5% inflation under three scenarios:

1. Equal payment mortgage
2. Fully indexed mortgage and
3. Index-linked mortgage with 2% tilt.

YEAR	BALANCES			PAYMENTS		
	EPM	ILM 1	ILM 2	EPM	ILM 1	ILM 2
0	60,000.00	60,000.00	60,000.00	-	-	-
1	59,685.29	61,877.15	61,021.30	538.88	291.59	360.07
2	59,336.67	63,744.83	62,001.57	538.88	306.17	370.87
3	58,950.48	65,593.05	62,933.01	538.88	321.48	382.00
4	58,522.68	67,410.46	63,806.92	538.88	337.55	393.46
5	58,048.78	69,184.18	64,613.74	538.88	354.43	405.26
6	57,523.82	70,899.64	65,342.85	538.88	372.15	417.42
7	56,942.29	72,540.40	65,982.55	538.88	390.76	429.94
8	56,298.09	74,087.96	66,519.91	538.88	410.30	442.84
9	55,584.48	75,521.54	66,940.69	538.88	430.81	456.13
10	54,793.97	76,817.83	67,229.16	538.88	452.36	469.81
11	53,918.28	77,950.73	67,368.03	538.88	474.97	483.91
12	52,948.23	78,891.07	67,338.24	538.88	498.72	498.42
13	51,873.65	79,606.30	67,118.83	538.88	523.66	513.38
14	50,683.27	80,060.10	66,686.74	538.88	549.84	528.78
15	49,364.63	80,212.07	66,016.63	538.88	577.33	544.64
16	47,903.89	80,017.24	65,080.64	538.88	606.20	560.98
17	46,285.75	79,425.67	63,848.18	538.88	636.51	577.81
18	44,493.25	78,381.90	62,285.66	538.88	668.34	595.14
19	42,507.59	76,824.44	60,356.21	538.88	701.75	613.00
20	40,307.96	74,685.12	58,019.35	538.88	736.84	631.39
21	37,871.31	71,888.47	55,230.72	538.88	773.68	650.33
22	35,172.10	68,350.98	51,941.62	538.88	812.37	669.84
23	32,182.03	63,980.31	48,098.70	538.88	852.98	689.93
24	28,869.76	58,674.39	43,643.44	538.88	895.63	710.63
25	25,200.57	52,320.51	38,511.75	538.88	940.41	731.95
26	21,136.01	44,794.25	32,633.37	538.88	987.44	753.91
27	16,633.46	35,958.32	25,931.36	538.88	1,036.81	776.53
28	11,645.74	25,661.37	18,321.44	538.88	1,088.65	799.82
29	6,120.56	13,736.53	9,711.34	538.88	1,143.08	823.82
30	0	0	0	538.88	1,200.23	848.53

Note 1. Equal Payment Mortgage (EPM) based on 10.5% rate.

Note 2. Fully Indexed Mortgage (ILM 1) based on 4% real rate and 5% assumed long term inflation.

Note 3. Indexed-Linked Mortgage (ILM 2) based on 4% real rate and 5% assumed long term inflation, with 2% planned tilt.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEX-LINKED MORTGAGES	Historic Rates of Return Equal Payment Mortgages	1
		1990-10-01

INTRODUCTION

Historic rates of return on equal payment mortgages with 5 year terms between 1960 and 1985 are set out below.

YEAR	5 YR. CONVENTIONAL MORTGAGE RATE	RATE OF INFLATION	5 YEAR AVERAGE INFLATION	ACTUAL REAL RETURN
1960	7.0	1.20	1.38	5.62
1961	7.0	0.90	1.64	5.36
1962	7.0	1.20	2.20	4.80
1963	7.0	1.80	2.68	4.32
1964	7.0	1.80	3.14	3.86
1965	7.0	2.50	3.68	3.32
1966	7.7	3.70	3.84	3.86
1967	8.1	3.60	3.68	4.42
1968	9.1	4.10	3.92	5.18
1969	9.8	4.50	4.60	5.20
1970	10.5	3.30	5.88	4.62
1971	9.4	2.90	7.38	2.02
1972	9.2	4.80	8.30	0.90
1973	9.6	7.50	8.94	0.66
1974	11.2	10.90	9.20	2.00
1975	11.4	10.80	8.86	2.54
1976	11.8	7.50	8.74	3.06
1977	10.4	8.00	9.74	0.66
1978	10.6	8.80	10.30	0.30
1979	12.0	9.20	9.70	2.30
1980	14.3	10.20	8.74	5.56
1981	18.2	12.50	7.50	10.70
1982	17.9	10.80	5.80*	12.10
1983	12.7	5.80	4.44*	8.26
1984	13.2	4.40	4.08*	9.12
1985	12.2	4.00	4.00*	8.20

Note: Five year average inflation from the year of commitment is subtracted from the fixed 5 year rate to obtain the actual real rate of return. For years 1982-1985, the balance of the 5 year spans are assumed to have a constant level of inflation at 4%.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INDEX-LINKED MORTGAGES	Initial Payment Factors	1
		1990-10-01

INTRODUCTION

Initial payment factors with a 2% planned tilt factor, an assumed long-term inflation of 5% and a planned amortization of 360 months are set out below.

INITIAL PAYMENT FACTORS - CMHC INDEX LINKED MORTGAGES

PLANNED TILT FACTOR: 2%
 ASSUMED LONG-TERM INFLATION: 5%
 PLANNED AMORTIZATION (MONTHS): 360

STATED FIXED REAL ANNUAL RATE	REQUIRED ANNUAL RATE	EFFECTIVE MONTHLY RATE	EFFECTIVE ANNUAL RATE	WITHIN-YEAR MONTHLY DISCOUNT FACTOR	PRESENT WORTH \$1 RECEIVED PER MONTH	YEARLY DISCOUNT FACTOR	PRESENT VALUE OF ALL PAYMENTS	INITIAL MONTHLY PAYMENT FACTOR	INITIAL ANNUAL PAYMENT FACTOR
3.500%	8.500%	0.006961062	0.086806250	0.993087059	11.474224911	0.947731024	175.666334143	0.005692610	0.068311325
3.625%	8.625%	0.007061653	0.088109766	0.992987865	11.466872635	0.946595677	173.336764648	0.005769117	0.069229399
3.750%	8.750%	0.007162193	0.089414062	0.992888739	11.459530830	0.945462369	171.055620708	0.005846052	0.070152620
3.875%	8.875%	0.007262683	0.090719141	0.992789683	11.452199476	0.944331095	168.821682375	0.005923410	0.071080917
4.000%	9.000%	0.007363123	0.092025000	0.992690696	11.444878549	0.943201850	166.633764016	0.006001185	0.072014217
4.125%	9.125%	0.007463513	0.093331641	0.992591778	11.437568029	0.942074629	164.490713281	0.006079371	0.072952447
4.250%	9.250%	0.007563853	0.094639062	0.992492929	11.430267893	0.940949428	162.391410092	0.006157961	0.073895534
4.375%	9.375%	0.007664143	0.095947266	0.992394149	11.422978121	0.939826242	160.334765670	0.006236951	0.074843406
4.500%	9.500%	0.007764383	0.097256250	0.992295438	11.415698690	0.938705065	158.319721596	0.006316332	0.075795990
4.625%	9.625%	0.007864573	0.098566016	0.992196795	11.408429580	0.937585894	156.345248892	0.006396101	0.076753212
4.750%	9.750%	0.007964714	0.099876563	0.992098221	11.401170768	0.936468723	154.410347145	0.006476250	0.077714999
4.875%	9.875%	0.008064805	0.101187891	0.991999716	11.393922234	0.935353548	152.514043643	0.006556773	0.078681279
5.000%	10.000%	0.008164846	0.102500000	0.991901279	11.386683956	0.934240363	150.655392554	0.006637665	0.079651978
5.125%	10.125%	0.008264838	0.103812891	0.991802910	11.379455913	0.933129164	148.833474118	0.006718919	0.080627023
5.250%	10.250%	0.008364780	0.105126562	0.991704610	11.372238084	0.932019947	147.047393872	0.006800529	0.081606343
5.375%	10.375%	0.008464672	0.106441016	0.991606377	11.365030447	0.930912706	145.296281898	0.006882489	0.082589863
5.500%	10.500%	0.008564515	0.107756250	0.991508213	11.357832983	0.929807437	143.579292095	0.006964793	0.083577512
5.625%	10.625%	0.008664309	0.109072266	0.991410117	11.350645669	0.928704136	141.895601471	0.007047435	0.084569218
5.750%	10.750%	0.008764053	0.110389062	0.991312088	11.343468484	0.927602797	140.244409459	0.007130409	0.085564908
5.875%	10.875%	0.008863748	0.111706641	0.991214128	11.336301409	0.926503416	138.624937258	0.007213709	0.086564512
6.000%	11.000%	0.008963394	0.113025000	0.991116235	11.329144421	0.925405988	137.036427187	0.007297330	0.087567957

Section

Subject

Page

1

INDEX-LINKED MORTGAGES

Application - Federal
Co-operative Housing
Program - CMHC Form 2734

1990-10-01

Canada Mortgage
and Housing CorporationSociété canadienne
d'hypothèques et de logement

APPLICATION - FEDERAL CO-OPERATIVE HOUSING PROGRAM

☐ ALLOCATION OF
CO-OPERATIVE BUDGET
UNITS

COMMITMENT OF PROJECT

☐ REVISION TO APPROVED PROJECT
OR STATUS REPORT

PROJECT NAME AND LOCATION

APPLICANT NAME AND MAILING ADDRESS

CLIENT TYPE

☐ Family ☐ Senior Citizens ☐ Singles

HOUSING FORM

<input type="checkbox"/> Single-detached	<input type="checkbox"/> Row
<input type="checkbox"/> Semi-detached	<input type="checkbox"/> Walk-up
<input type="checkbox"/> Stacked	<input type="checkbox"/> Elevated

PROJECT TYPE

<input type="checkbox"/> New construction	<input type="checkbox"/> Conversion of Residential Building
<input type="checkbox"/> Existing-Rehabilitation	<input type="checkbox"/> Conversion of Non Residential Building
<input type="checkbox"/> Existing-No Rehabilitation	

ATTACHMENTS

<input type="checkbox"/> Incorporation Documents	<input type="checkbox"/> Site Plan
<input type="checkbox"/> Organizational Bylaws	<input type="checkbox"/> Design Drawings
<input type="checkbox"/> Evidence of Need and Demand	<input type="checkbox"/> Working Drawings & Specifications
<input type="checkbox"/> Rent Supplement Unit Request	<input type="checkbox"/> Soil Test/Technical Reports
<input type="checkbox"/> Consultant Contracts	<input type="checkbox"/> Scope of Work - Rehabilitation
<input type="checkbox"/> Agreement of Purchase and Sale/Agreement to Lease	<input type="checkbox"/> Construction Cost Estimate/Tender
<input type="checkbox"/> Development Schedule	<input type="checkbox"/> Membership Development & Education Plan
<input type="checkbox"/> Confirmation of Zoning/Municipal Planning Approvals	<input type="checkbox"/> Marketing Plan
<input type="checkbox"/> Other _____	<input type="checkbox"/> Post Occupancy Management Plan

(Specify)

PROJECT SCHEDULE

FINAL APPLICATION			CONSTRUCTION START			INITIAL OCCUPANCY		
YY	MM	DD	YY	MM	DD	YY	MM	DD

CMHC USE ONLY

Proposal No.			Sec. 56.1 Account No.		
Geo. location code			Fed. const.		
prov	co	mun	Sec. 6 Account No.		
Date Received			Sec. 37.1 Appointed to date		
YY	MM	DD	Cross Ref. Account No.		

UNIT MIX

[illegible]No. of Rent Supplement
Units Requested

FINANCING

ILM Loan Amount Requested	\$ _____
Federal Assistance Requested (year 1)	\$ _____

PROPOSED ACQUISITION

<input type="checkbox"/> Shelter only	<input type="checkbox"/> Land and Shelter
<input type="checkbox"/> CORE - MIF	<input type="checkbox"/> OTHER (specify)

LAND TENURE

☐ Freehold
☐ Leasehold

PROPOSED CONTRACT TYPE

<input type="checkbox"/> General	<input type="checkbox"/> Construction Management
<input type="checkbox"/> Turnkey	<input type="checkbox"/> Other design build

CONTRACT PROCESS

<input type="checkbox"/> Public tender call	<input type="checkbox"/> Invitational tender call
<input type="checkbox"/> Open proposal call	<input type="checkbox"/> Invitational proposal call
	<input type="checkbox"/> Negotiated

PRINCIPAL CONSULTANTS (ARCHITECT, ETC.)

1	
2	
3	

APPLICATION/DECLARATION: We hereby apply for ☐ an allocation of units ☐ project commitment ☐ loan increase/decrease under the Federal Co-operative Housing Program. We understand that this application may not be accepted. We certify that the information contained in this application and the attachments submitted herewith is to the best of our knowledge and belief true.

DATE	POSITION	APPLICANT SIGNATURE(S)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFAULT PROTECTION AND PREVENTION	Overview	1
		1990-10-01

INTRODUCTION

This Section provides details on measures designed to enhance protection against loan default under Index-Linked Mortgages in the Federal Co-operative Housing Program.

An overview follows. For details, refer to location numbers indicated.

CO-OPERATIVE HOUSING
STABILIZATION FUND

The Fund provides management advice and repayable loans to Co-operatives experiencing short-term financial difficulties.

(0203-02)

SECURITY OF
TENURE FUND

This Fund is designed to enhance protection against loan default for individuals unable to pay their rent in certain circumstances.

(0203-03)

REPLACEMENT
RESERVES

Co-operatives financed under this program are required to fund reserves for future capital replacements.

(0203-04)

DEFAULT PREVENTION

Details on additional measures developed to assist projects that get into financial difficulty are discussed.

(0203-05)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFAULT PROTECTION AND PREVENTION	Co-operative Housing Stabilization Fund	1
		1990-10-01

INTRODUCTION

This fund is one of a number of measures designed to enhance protection against loan default under Index-Linked Mortgages (ILM's).

RATIONALE

Under ILM's, principal and interest payments are adjusted in relation to the national Consumer Price Index (CPI). Since not all markets will match this performance, rent increases could lag behind the national trend and projects could run into financial difficulty.

ASSISTANCE
AVAILABLE

The Fund provides management advice and repayable loans to co-operatives experiencing short term financial difficulties.

Once the project returns to a positive cash flow position, the loan is repaid, with interest.

LIMITS TO
ASSISTANCE

The Fund is intended as defence against mortgage default, not a substitute for mortgage insurance. Financial assistance cannot exceed 10% of the eligible capital costs.

Financial assistance is extended only if there is a reasonable prospect of on-going project viability once provided.

ENROLMENT FEE

Every co-op obtaining financing through the ILM program is required to pay an upfront, non-refundable fee to the Fund.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFAULT PROTECTION AND PREVENTION	Co-operative Housing Stabilization Fund	2
		1990-10-01

ENROLMENT FEE
(Cont'd)

This fee is an amount equal to a stipulated percentage of the capital cost of the project, excluding the following:

- mortgage insurance
- Stabilization Fund fees
- sector support fees

The fee, currently set at 3% of project cost, is included in the project cost on which federal assistance is calculated.

PAYMENT OF FEES

Remit enrollment fees to:

Federal Co-operative Housing
Stabilization Fund
1600 Scott Street, Suite 400
Ottawa, Ontario
K1Y 4N7
(613) 761-1167

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFAULT PROTECTION AND PREVENTION	Project Security of Tenure Fund	1
		1990-10-01

INTRODUCTION

This Fund is designed to enhance protection against loan default by member occupants. Those unable to pay their rent can get short-term financial relief in certain circumstances.

RATIONALE

The Fund is used to assist individuals whose rent burdens increase as a result of an absolute fall in income after they have moved into a project.

FUND FEES

CMHC will recognize an annual operating cost contribution on each project at initiation in order to establish the Fund.

The Fund contribution is adjusted each year on the same basis as the ILM payments.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFAULT PROTECTION AND PREVENTION	Replacement Reserves	1
		1990-10-01

INTRODUCTION

Co-operatives financed under this program are required to fund reserves for future capital replacements.

RATIONALE

To ensure the long term viability of Federal Co-op Housing projects, a replacement reserve must be sufficient to fully fund the replacement of short-life building components during the amortization period of the ILM.

The Reserve has two objectives:

1. To ensure the project's competitive position in its market.
2. To protect the mortgage security.

Co-operatives are required to establish and fund reserves for future capital replacements.

FEDERAL ASSISTANCE
AVAILABLE

The project contributions to these reserves will be recognized in determining the need for federal assistance.

CO-OP CONTRIBUTIONS

The Co-op will set aside funds in the reserve throughout the life of the project. The rate of contribution is adjusted annually on the same basis as the ILM payments.

Reserve contributions must be deposited in an interest-bearing account or security. Earned interest must be added to the reserve.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFAULT PROTECTION AND PREVENTION	Default Prevention	1
		1990-10-01

INTRODUCTION

This program has built in a number of default protection measures. Notwithstanding the previous provisions, a number of other measures have been developed to assist projects that get into financial difficulty.

EXTENSION
OF PLANNED
AMORTIZATION

Projects developed in this program have Index-Linked primary financing with a planned amortization period of 30 years. The term is the lesser of 35 years or the actual repayment period. See 0202-02 for details.

The mortgage will allow a Co-op to extend the planned repayment period by up to 5 years, to a maximum of approximately 35 years, in order to defer increases in principal and interest payments in situations of temporary difficulty.

ADDITIONAL RENT
SUPPLEMENT
ASSISTANCE

This initiative is intended for projects ineligible for further assistance from the Co-op Housing Stabilization Fund. For details of the Fund see 0203-02.

A project may get into financial difficulty when occupancy charges are in excess of market rent levels causing a high level of vacancies.

CMHC can direct additional Rent Supplement units to the project out of the current year's provincial allocation for Co-op projects. For more details see 0201-02.

MORTGAGE
INSURANCE

When all attempts to save a project fail and a default occurs, the lender can make a claim on the Mortgage Insurance Fund. For details see the Insurance Servicing Manual.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
GENERAL	Terminated Federal Programs Overview	1
		1990-10-01

INTRODUCTION

This Chapter provides details on Terminated Federal Programs still administered by CMHC.

An overview follows. For details, refer to location numbers indicated.

GENERAL

An outline of the Canada Rental Supply Plan (CRSP) is provided.

(9901-02)

The Assisted Rental Program of 1978 is discussed.

(9901-03)

HOME IMPROVEMENT
LOAN INSURANCE
PROGRAM

This Section provides details on the Home Improvement Loan Insurance Program.

(9902-01)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
GENERAL	Canada Rental Supply Plan (CRSP)	1
		1990-10-01

INTRODUCTION

The Canada Rental Supply Plan was a federal government program which is now terminated. Loans on insured first mortgages were used to bridge the gap between the mortgage loan and project costs. Outstanding loans are still being administered.

OBJECTIVE

The Canada Rental Supply Plan was introduced to prevent the further deterioration of vacancy levels in tight markets by assisting in the construction of rental accommodation.

ELIGIBILITY
CRITERIA

The following eligibility criteria were used:

- there were no restrictions on the size of the project; however, the program was intended for the construction of modest rental units
- access for the disabled had to be provided and a minimum of 5% of the units had to be designed for the disabled unless the applicant could demonstrate to CMHC that the market could not support that number.

FINANCING

The financing of the project had to be by way of a first mortgage. On approval of the CRSP loan, successful proponents were given a letter of intent stating that CMHC was prepared to insure the mortgage to a specified dollar amount.

FINANCIAL
ASSISTANCE

Assistance loans were interest-free for a term of 15 years. They assisted in bridging the gap between the first mortgage loan and project costs (up to 80% of costs as determined by CMHC and Equal Payment Mortgage first mortgage financing).

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
ASSISTED RENTAL PROGRAM (ARP)	1978 Program	1
		1990-10-01

INTRODUCTION

This Assisted Rental Program (ARP) was introduced May 1, 1978. While the program is no longer on providing assistance, the PRL (Payment Reduction Loan) repayment is still being administered. Operational details will be found in the Insurance Servicing Manual.

A brief overview of the program follows.

ASSISTANCE PROVIDED

This program provided a Payment Reduction Loan to borrowers. The PRL offset the shortfall between economic and market rents in acceptable rental projects.

PROGRAM OPERATION

The amount advanced in the first year was up to the amount required but not exceeding \$2.25 per month per \$1,000 of first mortgage loan amount.

In each subsequent year, the amount advanced was decreased by 5% of the previous year's net payment for principal and interest on the first mortgage. Advances bore interest at the first mortgage interest rate from the date of advance.

TIME PERIOD

The PRL was secured by a second mortgage which had a term equal to the term of the first mortgage but not exceeding 10 years. If made for a 5 year term initially, it could be renewed for a further term of 5 years.

AGREEMENT DETAILS

The PRL, including accrued interest, became due and payable at the end of 5 years or at the end of the extended term, i.e. at the end of 10 years.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
ASSISTED RENTAL PROGRAM (ARP)	1978 Program	2
		1990-10-01

AGREEMENT DETAILS
(Cont'd)

Repayment of the PRL including full interest commenced one month following full disbursement of the loan. This was estimated to occur about the end of the 7th year if full PRL was taken and the first mortgage was amortized over 35 years. (This assumes that the 5 year renewal option was exercised.)

Conversion through refinancing to a Graduated Payment first mortgage at the end of the first 5 year term was encouraged where feasible.

The PRL will become due and payable in the event of sale (change in ownership or title), further encumbering the project or first mortgage or mortgage default. In the event of sale, no protection is available for the borrower's initial equity or sale costs.

This program was not subject to provincial assistance and was not extended to privately insured loans.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
HOME IMPROVEMENT LOANS	Overview	1
		1990-10-01

INTRODUCTION

This Section deals with the Home Improvement Loan Insurance Program.

An overview follows. For details, refer to location numbers indicated.

GENERAL

The objectives, security and repayment term changes and false statements are discussed in this Section.

(9902-02)

GUARANTEE

The nature and extent of Guarantees are explained for loans committed prior to 1979.05.22 and for loans committed after that date until the program was terminated.

(9902-03)

CLAIMS

Actions recommended to lenders filing claims are discussed in this Section.

(9902-04)

REPORTING

Reports required under this program are discussed.

(9902-05)

Section	Subject	Page
HOME IMPROVEMENT LOANS (HIL)	General	1
		1990-10-01

INTRODUCTION

The Home Improvement Loan Insurance Program was introduced in 1954 and terminated on 31 October 1986.

While no new commitments can be made under the program, CMHC will continue to honour loan insurance in place initiated during the time the program was in operation.

OBJECTIVE

The program was intended to help improve and rehabilitate the housing stock and to extend its useful life.

SECURITY CHANGES

The prior approval of CMHC is required to change, release, discharge or surrender any security under the following circumstances:

- where the taking of the security was mandatory
- where the taking of the security was permissive but the account is in arrears.

REPAYMENT
TERM
CHANGES

The lender may alter or revise the agreed repayment arrangements with the approval of the borrower providing:

- alteration does not extend the term longer than 25 years unless CMHC approves
- the period between instalments does not exceed three months unless CMHC approves.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
HOME IMPROVEMENT LOANS (HIL)	General	2
		1990-10-01

FALSE
STATEMENTS

The lender may take whatever action considered appropriate if it is discovered that:

- statements in the application are false or
- if the funds are being used for a purpose other than specified in the application.

The lender should immediately report the situation to CMHC.

Note: If the application was properly scrutinized and checked by the lender prior to discovering the false statements, the liability of CMHC will not be impaired.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
HOME IMPROVEMENT LOANS (HIL)	Guarantee	1
		1990-10-01

INTRODUCTION

The nature and extent of Home Improvement Loan (HIL) Guarantees are explained for loans committed prior to 1979.05.22 and for loans committed after that date until the program was terminated in 1986.

LOANS PRIOR TO
1979.05.22

The amount of the loss sustained by a lender on a loan against which a claim has been submitted includes the following:

- the unpaid amount of the loan
- the uncollected earned interest owing until the claim is approved for payment (This is calculated at two points less than the loan interest rate)
- legal fees, costs and disbursements actually incurred by the lender (to the extent CMHC will allow) under the following circumstances:
 - whether the expenses are taxable or not
 - whether with or without litigation in collecting or endeavouring to collect outstanding loans or in protecting the interests of the Corporation
- uncollected amounts disbursed by the lender to protect the security for the loan, with the approval of CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
HOME IMPROVEMENT LOANS (HIL)	Guarantee	2
		1990-10-01

LOANS BETWEEN
1979.05.22
AND
1986.10.31

The amount of the loss sustained by a lender on a loan against which a claim has been submitted includes the following:

- the principal owing on the loan
- interest, at the loan security interest rate, on the principal amount owing on the loan during the following time period:
 - for the period (known as "the default period") for which interest thereon was earned and uncollected at the time of payment of the loss claim, or
 - for a period of twelve months, whichever is the shorter period; and
- where the default period, in respect of the principal and interest above, is in excess of twelve months, additional interest at the loan security interest rate less two is allowable on each expense:
 - for the period of such excess, or
 - for a period of six months from the date of expiry of the twelve month period referred to in the second case on interest expense, whichever is the shorter period, until the claim is approved for payment.
- legal fees, costs and disbursements actually incurred by the lender to the extent CMHC will allow under the following circumstances:
 - whether the expenses are taxable or not

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
HOME IMPROVEMENT LOANS (HIL)	Guarantee	3
		1990-10-01

LOANS BETWEEN
1979.05.22
AND 1986.10.31
(Cont'd)

- whether with or without litigation in collecting or endeavouring to collect outstanding loans or in protecting the interests of the Corporation.
- uncollected amounts disbursed by the lender to protect the security of the loan, with the approval of CMHC.

NON-RECOVERABLE
COSTS

Where the lender cannot recover some of the additional costs and disbursements from the borrower, CMHC may cover these losses.

REGULATORY
LIMITATIONS

There are regulatory limitations on individual and all lenders as follows:

Individual Lenders: All acceptable Home Improvement Loans made by a lender are guaranteed against loss to the extent of 5% of the aggregate of all the principal amounts loaned by that lender under the Home Improvement Loan Program.

All Lenders: The total amount of Home Improvement Loans guaranteed by CMHC for all lenders cannot exceed nine hundred million dollars.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
HOME IMPROVEMENT LOANS (HIL)	Claims	1
		1990-10-01

INTRODUCTION

The following actions are recommended to lenders when filing claims.

INFORMATION
TO FILE

Full available details of the debtor's circumstances should be filed, if not forwarded previously.

Where the proven market value of the property and encumbrances are known, and they are still owned by the borrower, this information should also be included.

WHEN TO FILE

Claims should be filed before the arrears equal 18 monthly instalments of principal and interest.

WHERE TO FILE

Lenders should send claims through their Regional or Head Offices to the :

Director, Asset Administration Division,
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario
K1A 0P7

PAYMENT
PERIOD

Valid claims will be paid within 60 days of receipt.

POST CLAIM ACTION

CMHC will consider each claim on its own merits and determine if the loan is collectible. If action is taken, CMHC determines if collection should be undertaken by the lender or a collection agency.

If the lender is asked to collect, collections will be remitted to CMHC every six months accompanied by a report of the actions taken to collect. Lenders determine when to submit the six month report.

CMHC MORTGAGE LOAN INSURANCE

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POST CLAIM ACTION
(Cont'd)

After the claim has been paid, CMHC is subrogated in and to all the rights of the lender.

COLLECTION
EXPENSES

Out-of-pocket expenses incurred by the lender in collecting or attempting to collect delinquent payments will be reimbursed by CMHC.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

Reports are required on a quarterly and annual basis. They should be forwarded to the :

Director, Asset Administration Division
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario
K1A 0P7

Details on reports follow.

ANNUAL
REPORTS

Lenders are required to provide a statement showing the number and amount of guaranteed Home Improvement Loans outstanding as at December 31. Please submit within 30 days of the year end.

Note: CMHC would prefer consolidated figures from the Head Office of the lender. If this is not convenient, regional or district consolidations are also acceptable.

QUARTERLY
REPORTS

Lenders are required to provide CMHC with particulars of guaranteed loans in default for more than 3 months. Individual listings are required only for loans with balances in excess of \$300 except where a single borrower has more than two loans in arrears for more than three months.

Loans more than 3 months in default with balances of less than \$300 can be accounted for collectively but the number of such loans must be included in the total number of loans being reported.

Lenders are required to submit reports within 30 days of the last day of March, June, September and December each year.

The form of the quarterly report is illustrated in Schedule II to the National Housing Loan Regulations.

